

# House Study Bill 720 - Introduced

HOUSE FILE \_\_\_\_\_

BY (PROPOSED COMMITTEE ON  
WAYS AND MEANS BILL BY  
CHAIRPERSON SHOMSHOR)

## A BILL FOR

1 An Act exempting from taxation the interest earned on and  
2 the capital gain from the sale of bonds or notes issued  
3 by the Iowa finance authority and including retroactive  
4 applicability provisions.  
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 16.26, Code 2009, is amended by adding  
2 the following new subsection:

3 NEW SUBSECTION. 10. *a.* The interest earned on bonds or  
4 notes issued by the authority in connection with its corporate  
5 purposes is exempt from taxation in this state.  
6 *b.* The capital gain realized from the sale of bonds or  
7 notes issued by the authority in connection with its corporate  
8 purposes is exempt from taxation in this state, and is not  
9 subject to inclusion in the computation of net income pursuant  
10 to section 422.7, subsection 36, or section 422.35, subsection  
11 18.

12 Sec. 2. Section 422.7, subsection 36, Code Supplement 2009,  
13 is amended to read as follows:

14 36. Add, except as provided in section 16.26, subsection 10,  
15 and to the extent not already included, income from the sale  
16 of obligations of the state and its political subdivisions.  
17 Income from the sale of these obligations is exempt from the  
18 taxes imposed by this division only if the law authorizing  
19 these obligations specifically exempts the income from the sale  
20 from the state individual income tax.

21 Sec. 3. Section 422.35, subsection 18, Code Supplement  
22 2009, is amended to read as follows:

23 18. Add, except as provided in section 16.26, subsection 10,  
24 and to the extent not already included, income from the sale  
25 of obligations of the state and its political subdivisions.  
26 Income from the sale of these obligations is exempt from the  
27 taxes imposed by this division only if the law authorizing  
28 these obligations specifically exempts the income from the sale  
29 from the state corporate income tax.

30 Sec. 4. RETROACTIVE APPLICABILITY. This Act applies  
31 retroactively to January 1, 2010, for tax years beginning on  
32 or after that date.

33 EXPLANATION

34 This bill exempts from Iowa taxation, including from the  
35 individual and corporate income taxes, the interest earned on

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1 and the capital gain from the sale of bonds or notes issued by  
2 the Iowa finance authority in connection with its corporate  
3 purposes.

4     The bill applies retroactively to January 1, 2010, for tax  
5 years beginning on or after that date.